

CLALLAM TRANSIT SYSTEM BOARD MEETING
NOVEMBER 16, 2015
2016 BUDGET ASSUMPTIONS AND FACTORS

REVENUE:

1. Sales Tax Revenue is budgeted at a 1% increase over the 2015 year-end projected revenue.
2. WA Tran Op Formula Supp – no revenue is budgeted for 2016 due to the termination of the program as of June 30, 2015.
3. State Paratransit Special Needs Formula Grant was awarded for 2016 and will be utilized for both operations and capital.
4. Federal Operating Grant for the 2015-2017 biennium is spread evenly from July 1, 2015 through June 30, 2017. As a result, the total grant of \$1.4 million is allocated based on requesting one quarter of the funds in the second half of 2015, one half the funds in 2016, and one quarter of the funds in the first half of 2017.

EXPENSES:

1. Wage variances between 2015 projected and 2016 proposed budget are as follows:
 - a. All departments are budgeted for an annual contractual wage increase based on the Seattle-Tacoma-Bremerton CPI(U). In addition, Vanpool, Paratransit, and Maintenance are affected by a change in methodology for allocating labor expenses. In prior years, labor costs were charged out to Paratransit and Vanpool for work performed by mechanics and maintenance staff on the departments' vehicles. This was reflected in a reduction of services rather than a reduction of wages. In the same manner for the departments to which the costs were allocated, services were increased rather than wages. In 2016, the wages will be reduced in Maintenance and increased in the other departments. A large variance will also be reflected in the services line items.
 - b. Operations – the wage variance is affected by contractual step raises, expansion of fixed route services for Sequim and Forks, and the addition of one FTE office assistant position.
 - c. Maintenance – the wage variance is affected by the allocation methodology as stated above in (a).
 - d. Administration – the variance in 2016 wages are the result of annual wage increases along with an artificially low 2015 projected. For approximately five months of 2015, a temporary agency employee was utilized and that cost was expensed to services.
2. Benefit variances between 2015 projected and 2016 proposed budget are as follows:
 - a. Increases in payroll taxes and other wage dependent benefits will be affected by the increase in wages.

- b. The employer PERS contribution rate increased as of July 1, 2015 from 9.1% to 11.18%. Therefore, the 2016 budget reflects an increase for this line item in all divisions.
 - c. The HCA PEBB medical premium costs are budgeted at an average increase of 4.5% based on information published by HCA PEBB.
 - d. Paratransit health care benefits will be affected by a contractual change which reduces the employee's out-of-pocket costs and increases CTS's costs.
3. Supplies variances between 2015 projected and 2016 proposed budget are primarily affected by fuel costs. In 2015, fuel prices have remained fairly low. However, because of the volatile and unpredictable nature of fuel prices, CTS is electing to budget very conservatively based on prior years' fuel prices. Diesel and unleaded fuel has been budgeted at \$3.45 per gallon and propane has been budgeted at \$1.30 per gallon.

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**CLALLAM TRANSIT SYSTEM
2016 PROPOSED OPERATING BUDGET**

	2015 Budget	YTD Actual through 9/15	Total 2015 Projected	2016 Proposed Budget	2016 Budget vs. 2015 Projected Variance	2016 Budget vs. 2015 Projected Variance %	2016 Budget vs. 2015 Budget Variance	2016 Budget vs. 2015 Budget Variance %
REVENUES:								
33 OPERATING REVENUE								
Cash Fares, Passes & Tickets	670,000	457,307	615,738	615,000	(738)	-0.12%	(55,000)	-8.21%
College Passes	46,472	32,206	52,997	53,000	3	0.01%	6,528	14.05%
Special Services	83,000	63,080	84,625	86,250	1,625	1.92%	3,250	3.92%
Charters	4,800	3,247	3,247	3,200	(47)	-1.45%	(1,600)	-33.33%
Vanpool	368,000	233,795	313,543	315,000	1,457	0.46%	(53,000)	-14.40%
Paratransit	37,000	29,321	38,124	38,000	(124)	-0.33%	1,000	2.70%
Advertising	15,600	11,915	20,000	16,000	(4,000)	-20.00%	400	2.56%
Parking	22,600	16,956	22,608	22,608	-	0.00%	8	0.04%
Non-Transportation	5,000	14,755	15,000	2,300	(12,700)	-84.67%	(2,700)	-54.00%
Interest Income	14,000	15,964	20,122	20,000	(122)	-0.61%	6,000	42.86%
Propane Fuel Tax Credit	21,000	21,949	21,949	22,000	52	0.23%	1,000	4.76%
Sales Tax	5,918,970	4,897,463	6,557,257	6,622,830	65,573	1.00%	703,860	11.89%
WA Tran Op Formula Supp	100,000	52,860	52,860	-	(52,860)	-100.00%	(100,000)	-100.00%
Paratransit S/N Formula Grant	150,000	-	-	180,643	180,643		30,643	20.43%
Fed Operating Grant	600,000	-	352,500	705,000	352,500	100.00%	105,000	17.50%
RTAP Training Grant	12,000	3,644	10,000	10,000	-	0.00%	(2,000)	-16.67%
Other Grants & Scholarships	-	-	-	2,500	2,500		2,500	0.00%
TOTAL REVENUE	8,068,442	5,854,462	8,180,570	8,714,331	533,761	6.52%	645,889	8.01%

EXPENSES:

44 OPERATIONS

Wages	1,627,324	1,157,122	1,558,857	1,673,685	114,828	7.37%	46,361	2.85%
Benefits	1,163,938	838,305	1,146,786	1,219,662	72,876	6.35%	55,724	4.79%
Other Post Employment Benies(OPEB)	-	-	132,000	132,000	-	0.00%	132,000	
Supplies	26,000	21,435	27,517	26,000	(1,517)	-5.51%	-	0.00%
Services	45,500	37,351	43,537	39,300	(4,237)	-9.73%	(6,200)	-13.63%
Communications	24,000	16,892	22,831	24,000	1,169	5.12%	-	0.00%
Travel	6,000	6,800	9,650	6,700	(2,950)	-30.57%	700	11.67%
Rentals	14,000	9,064	12,335	14,000	1,665	13.50%	-	0.00%
Vehicle Accident Costs/Deduct.	-	454	908	-	(908)	-100.00%	-	
Miscellaneous	3,000	1,338	1,850	2,800	950	51.35%	(200)	-6.67%
TOTAL OPERATIONS	2,909,762	2,088,761	2,956,271	3,138,147	181,876	6.15%	228,385	7.85%

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54 VANPOOL								
Wages	-	-	-	48,200	48,200		48,200	
Supplies	132,500	70,739	95,400	132,000	36,600	38.36%	(500)	-0.38%
Services	70,200	45,054	63,500	19,000	(44,500)	-70.08%	(51,200)	-72.93%
Travel	780	68	136	780	644	473.02%	-	0.00%
TOTAL VANPOOL	203,480	115,861	159,036	199,980	40,944	25.75%	(3,500)	-1.72%
55 PARATRANSIT								
Wages	743,928	514,749	721,559	740,672	19,113	2.65%	(3,256)	-0.44%
Benefits	478,514	341,852	463,641	491,518	27,877	6.01%	13,004	2.72%
Other Post Employment Benies(OPEB)	-	-	75,000	75,000	-	0.00%	75,000	
Supplies	3,400	1,922	4,035	3,900	(135)	-3.35%	500	14.71%
Services	-	12,240	6,625	24,225	17,600	265.66%	24,225	
Communications	15,000	9,943	13,265	14,000	735	5.54%	(1,000)	-6.67%
Travel	2,950	696	1,480	2,950	1,470	99.32%	-	0.00%
Rentals	2,200	2,490	3,400	3,400	-	0.00%	1,200	54.55%
Vehicle Accident Costs/Deduct.	-	2,676	2,700	-	(2,700)	-100.00%	-	
Miscellaneous	1,200	5,780	5,780	2,400	(3,380)	-58.48%	1,200	100.00%
TOTAL PARATRANSIT	1,247,192	892,348	1,297,485	1,358,065	60,580	4.67%	110,873	8.89%
56 FIXED ROUTE FUEL, UTILITIES & INSURANCE								
Fuel - Fixed Route	563,500	273,461	374,600	561,500	186,900	49.89%	(2,000)	-0.35%
Insurance	326,637	242,616	323,350	356,068	32,718	10.12%	29,431	9.01%
Utilities	77,600	49,717	75,181	71,800	(3,381)	-4.50%	(5,800)	-7.47%
TOTAL FUEL, UTILITIES & INSUR	967,737	565,794	773,131	989,368	216,237	27.97%	21,631	2.24%
65 PARATRANSIT MAINTENANCE & FUEL								
Wages	-	-	-	90,000	90,000		90,000	
Supplies (including fuel)	218,400	103,670	146,019	215,200	69,181	47.38%	(3,200)	-1.47%
Services	88,500	74,266	104,300	3,500	(100,800)	-96.64%	(85,000)	-96.05%
TOTAL PARATRANSIT MAINT/FUEL	306,900	177,936	250,319	308,700	58,381	23.32%	1,800	0.59%
66 MAINTENANCE								
Wages	724,670	497,547	674,000	628,614	(45,386)	-6.73%	(96,056)	-13.26%
Benefits	533,571	340,814	448,300	497,217	48,917	10.91%	(36,354)	-6.81%
Other Post Employment Benies(OPEB)	-	-	53,000	53,000	-	0.00%	53,000	
Supplies	205,000	158,975	221,350	228,800	7,450	3.37%	23,800	11.61%

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**CLALLAM TRANSIT SYSTEM
2016 PROPOSED OPERATING BUDGET**

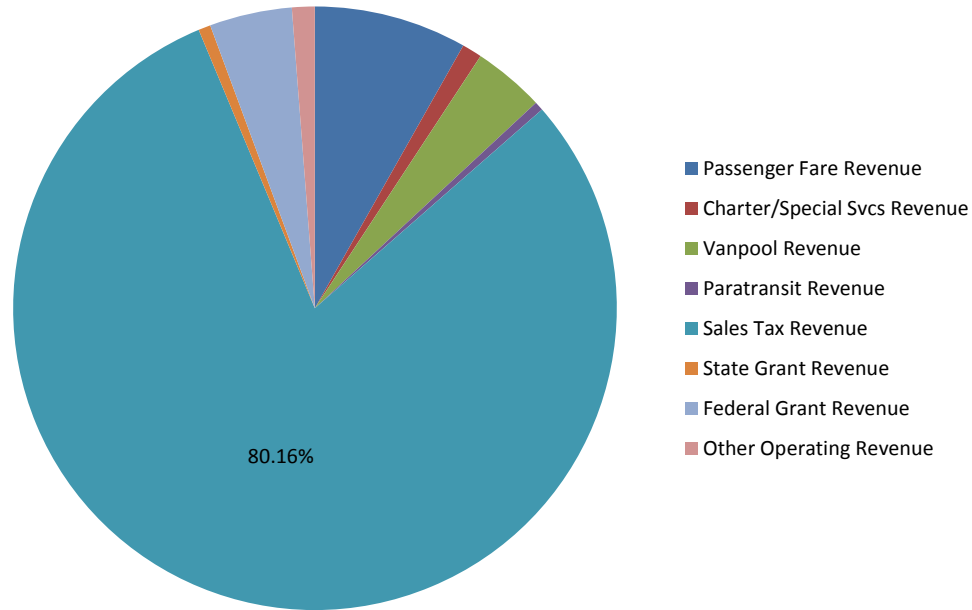
	2015 Budget	YTD Actual through 9/15	Total 2015 Projected	2016 Proposed Budget	2016 Budget vs. 2015 Projected Variance	2016 Budget vs. 2015 Projected Variance %	2016 Budget vs. 2015 Budget Variance	2016 Budget vs. 2015 Budget Variance %
66 MAINTENANCE (cont.)								
Services	7,400	(20,573)	(3,545)	121,900	125,445	-3538.65%	114,500	1547.30%
Communications	4,400	2,684	3,900	4,400	500	12.82%	-	0.00%
Travel	3,600	2,027	3,500	4,000	500	14.29%	400	11.11%
Rentals	2,000	1,663	1,700	2,000	300	17.65%	-	0.00%
Miscellaneous	6,000	1,941	4,100	5,900	1,800	43.90%	(100)	-1.67%
TOTAL MAINTENANCE	1,486,641	985,078	1,406,305	1,545,831	139,526	9.92%	59,190	3.98%
77 ADMINISTRATION								
Wages	335,094	251,796	348,481	383,297	34,817	9.99%	48,203	14.38%
Benefits	276,771	174,674	235,329	266,348	31,020	13.18%	(10,423)	-3.77%
Other Post Employment Benies(OPEB)	-	-	23,000	23,000	-	0.00%	23,000	
Supplies	9,000	6,054	8,975	8,975	-	0.00%	(25)	-0.27%
Services	111,500	88,390	118,964	119,237	273	0.23%	7,737	6.94%
Communications	6,400	2,591	4,213	4,213	-	0.00%	(2,187)	-34.17%
Travel	10,700	8,570	13,862	14,245	384	2.77%	3,545	33.13%
Miscellaneous	36,600	27,148	30,010	36,910	6,900	22.99%	310	0.85%
TOTAL ADMINISTRATION	786,065	559,223	782,833	856,226	73,393	9.38%	70,161	8.93%
99 PUBLIC EDUCATION AND MARKETING								
Services	1,800	880	1,500	-	(1,500)	-100.00%	(1,800)	-100.00%
Public Education	32,700	17,884	26,645	24,900	(1,745)	-6.55%	(7,800)	-23.85%
TOTAL PUBLIC ED & MARKETING	34,500	18,764	28,145	24,900	(3,245)	-11.53%	(9,600)	-27.83%
TOTAL EXPENSES	7,942,277	5,403,765	7,653,526	8,421,217	767,691	10.03%	478,940	6.03%
NET OPERATING INCOME	126,165	450,697	527,044	293,114	(233,931)	-44.39%	166,949	132.33%
FROM/(TO) OPERATING & CAPITAL RESERVES			(500,000)	(250,000)				
NET OPERATING INCOME AFTER RESERVES			27,044	43,114				

2016 CAPITAL BUDGET**DRAFT**

<u>VEHICLE REPLACEMENT</u>	PROJECT COST	GRANT REVENUE	NET COST	SOURCE OF FUNDS
Paratransit Vehicles	833,000	833,000	-	State Funds = \$273,000 Federal Funds = \$560,000
Vanpool Vehicles	267,000	-	267,000	CTS or Potential Grant Funds
Service Vehicles	107,000	107,000	-	State Sales Tax Equalization Funds
<u>PLANNED FACILITY PROJECTS</u>				
Admin Bldg - Return Fans	6,000	-	6,000	CTS Local
Upgrade Main Facility & Gateway Cameras & Software	40,000	35,110	4,890	State Sales Tax Equalization Funds
<u>EQUIPMENT AND FURNITURE</u>				
Fuel Data System Replacement & Expansion	50,000	50,000	-	State Sales Tax Equalization Funds
E-mail Server	10,000	-	10,000	CTS Local
OPSCAN Console	8,000	-	8,000	CTS Local
Propane Dispensing Station(s)	30,000	30,000	-	State Funds
Cameras and Installation on 3 Low Floor Buses	23,000	23,000	-	State Sales Tax Equalization Funds
<u>CONTINGENCY</u>				
Facility and Bus Stop Improvements	35,000	-	35,000	CTS Local
Engine and Transmission Rebuilds	25,000	-	25,000	CTS Local
TOTAL 2016 CAPITAL BUDGET	\$ 1,434,000	\$ 1,078,110	\$ 355,890	

2015 PROJECTED REVENUE

Passenger Fare Revenue	668,735	8.17%
Charter/Special Svcs Revenue	87,872	1.07%
Vanpool Revenue	313,543	3.83%
Paratransit Revenue	38,124	0.47%
Sales Tax Revenue	6,557,257	80.16%
State Grant Revenue	52,860	0.65%
Federal Grant Revenue	362,500	4.43%
Other Operating Revenue	99,679	1.22%
	<u>8,180,570</u>	<u>100.00%</u>

2015 PROJECTED REVENUE**2016 BUDGETED REVENUE**

Passenger Fare Revenue	668,000	7.67%
Charter/Special Svcs Revenue	89,450	1.03%
Vanpool Revenue	315,000	3.61%
Paratransit Revenue	38,000	0.44%
Sales Tax Revenue	6,622,830	76.00%
State Grant Revenue	180,643	2.07%
Federal Grant Revenue	715,000	8.20%
Other Operating Revenue	85,408	0.98%
	<u>8,714,331</u>	<u>100.00%</u>

2016 BUDGETED REVENUE